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 RUEHLD/AMEMBASSY LONDON 1659  
 RUEHMT/AMCONSUL MONTREAL 2495  
 RUEHNR/AMEMBASSY NAIROBI 3677  
 RUFHFR/AMEMBASSY PARIS 3418  
 RUEHRO/AMEMBASSY ROME 8875  
 RUEHVI/AMEMBASSY VIENNA 7445  
 RUEHDT/USMISSION USUN NEW YORK 2451  
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State Dept. review completed

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IMO, ICAO, USREP TO UNEP, NESCO, FODAG, USIAEA

E.O. 12356: N/A

TAGS: AORG, UN

SUBJECT: INTERNATIONAL ORGANIZATIONS' BORROWING ON  
COMMERICAL MARKETS - INTEREST PAYMENTS

1. THE HOUSE APPROPRIATIONS COMMITTEE, CONCERNED OVER  
 REPORTS "THAT CERTAIN INTERNATIONAL ORGANIZATIONS WERE  
 CONTEMPLATING BORROWING FUNDS FROM COMMERCIAL LENDING  
 INSTITUTIONS TO COMPENSATE FOR FUNDING SHORTFALLS  
 RESULTING FROM THE DEFERRAL OF U.S. CONTRIBUTIONS", HAS  
 INSERTED THE FOLLOWING LANGUAGE IN THE STATE DEPARTMENT'S  
 FISCAL YEAR 1983 APPROPRIATION BILL:

QUOTE: PROVIDED, THAT NONE OF THE FUNDS APPROPRIATED IN  
 THIS PARAGRAPH SHALL BE AVAILABLE FOR A UNITED STATES  
 CONTRIBUTION TO AN INTERNATIONAL ORGANIZATION IN EXCESS  
 OF THE UNITED STATES SHARE OF THE ORGANIZATION'S  
 ASSESSMENT BUDGET AFTER DEDUCTING FROM THAT BUDGET ANY  
 INTEREST COSTS FOR LOANS INCURRED ON OR AFTER OCTOBER 1,  
 1982 THROUGH EXTERNAL BORROWING. END QUOTE

2. IT IS POSSIBLE THAT THIS LANGUAGE MAY BE DELETED ON  
 THE FLOOR OF THE HOUSE FOR TECHNICAL REASONS ONLY. THE  
 SENATE BILL DOES NOT CONTAIN A SIMILAR PROVISION.

3. EVEN IF THIS PROVISION IS NOT FINALLY ENACTED AS PART  
 OF THE FY 83 APPROPRIATION BILL, THE DEPARTMENT DOES NOT  
 BELIEVE WE HAVE HEARD THE LAST OF THIS ISSUE. THE  
 RESTRICTION COULD BE INTRODUCED ON ANOTHER BILL. THE  
 DEPARTMENT STRONGLY SHARES THE SENTIMENT BEHIND THIS  
 AMENDMENT AND DOES NOT BELIEVE AGENCIES SHOULD RESORT TO  
 EXTERNAL BORROWING FOR THE FOLLOWING REASONS:

— BORROWING IS A MEANS OF EVADING ONE PURPOSE OF THE  
 DEFERRAL PROCESS, I.E., TO FORCE ORGANIZATIONS TO REDUCE  
 MARGINAL ACTIVITIES;

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SUBJECT: INTERNATIONAL ORGANIZATIONS' BORROWING ON  
COMMERICAL MARKETS - INTEREST PAYMENTS

1. THE HOUSE APPROPRIATIONS COMMITTEE, CONCERNED OVER REPORTS "THAT CERTAIN INTERNATIONAL ORGANIZATIONS WERE CONTEMPLATING BORROWING FUNDS FROM COMMERCIAL LENDING INSTITUTIONS TO COMPENSATE FOR FUNDING SHORTFALLS RESULTING FROM THE DEFERRAL OF U.S. CONTRIBUTIONS", HAS INSERTED THE FOLLOWING LANGUAGE IN THE STATE DEPARTMENT'S FISCAL YEAR 1983 APPROPRIATION BILL:

QUOTE: PROVIDED, THAT NONE OF THE FUNDS APPROPRIATED IN THIS PARAGRAPH SHALL BE AVAILABLE FOR A UNITED STATES CONTRIBUTION TO AN INTERNATIONAL ORGANIZATION IN EXCESS OF THE UNITED STATES SHARE OF THE ORGANIZATION'S ASSESSMENT BUDGET AFTER DEDUCTING FROM THAT BUDGET ANY INTEREST COSTS FOR LOANS INCURRED ON OR AFTER OCTOBER 1, 1982 THROUGH EXTERNAL BORROWING. END QUOTE

2. IT IS POSSIBLE THAT THIS LANGUAGE MAY BE DELETED ON THE FLOOR OF THE HOUSE FOR TECHNICAL REASONS ONLY. THE SENATE BILL DOES NOT CONTAIN A SIMILAR PROVISION.

3. EVEN IF THIS PROVISION IS NOT FINALLY ENACTED AS PART OF THE FY 83 APPROPRIATION BILL, THE DEPARTMENT DOES NOT BELIEVE WE HAVE HEARD THE LAST OF THIS ISSUE. THE RESTRICTION COULD BE INTRODUCED ON ANOTHER BILL. THE DEPARTMENT STRONGLY SHARES THE SENTIMENT BEHIND THIS AMENDMENT AND DOES NOT BELIEVE AGENCIES SHOULD RESORT TO EXTERNAL BORROWING FOR THE FOLLOWING REASONS:

-- BORROWING IS A MEANS OF EVADING ONE PURPOSE OF THE DEFERRAL PROCESS, I.E., TO FORCE ORGANIZATIONS TO REDUCE MARGINAL ACTIVITIES;

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